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UNITED STATES BANKRUPTCY COURT :  
SOUTHERN DISTRICT OF NEW YORK :

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In re: :

LEHMAN BROTHERS HOLDINGS, INC., :

Debtor. :

----- :

JOHNATHAN KEENEY, :

Plaintiff, :

v. :

LEHMAN BROTHERS HOLDINGS, INC., :

Defendant. :

Chapter 11  
Case No. 08-13555 (JMP)

ADVERSARY PROCEEDING  
COMPLAINT

ADV. PRO. \_\_\_\_\_ (JMP)

Plaintiff Jonathan Keeney, residing at 2533 Eastern Avenue, Baltimore, Maryland, by way of Complaint against defendant says:

**Nature of the Action**

1. Plaintiff Jonathan Keeney ("Plaintiff") bought property located at 2533 Easter Avenue, Baltimore, Maryland (the "Property") from William Henry Christ ("Mr. Christ") on August 18, 2003. The deed was recorded on August 22, 2003.

2. Lehman Capital, a Division of defendant Lehman Brothers Holdings Inc., ("Lehman Capital"), subsequently, and improperly, recorded a deed for the Property on September 2, 2003. Recently, Plaintiff attempted to sell the Property to a third party, but was unable to do so because of the deed recorded by Lehman Capital.

3. Therefore, Plaintiff seeks an order quieting title on the Property, declaring Plaintiff as the sole and rightful owner of same.

**Jurisdiction and Venue**

4. This Court has jurisdiction over this adversary pursuant to 28 U.S.C. §§ 157 and 1334. The Court may grant declaratory and other relief in this adversary proceeding pursuant to 28 U.S.C. §§ 2201 and 2202 and Federal Rule of Bankruptcy Procedure 7001(2) and (9).

5. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(1), (b)(2)(A) and (O).

6. Venue is proper in this District pursuant to 28 U.S.C. § 1409(a).

**General Allegations**

7. Plaintiff, Jonathan Keeney, resides at 2533 Eastern Avenue, Baltimore, Maryland.

8. Lehman Capital, is a division of Defendant Lehman Brothers Holdings Inc., a corporation that is the debtor in the above Chapter 11 case, and has a principal place of business in New York, New York.

9. On March 31, 1994, William Henry Tasker ("Mr. Tasker") sold the Property to Mr. Christ. The Property was transferred from Mr. Tasker to Mr. Christ, via deed, and recorded in the Baltimore City, Maryland land records at Liber 4229, Folio 489 (the "March 31, 1994 Deed"). Attached hereto as **Exhibit A** is a true copy of the March 31, 1994 Deed.

10. On April 19, 2001 Mr. Christ took out a balloon note on the Property (the "April 19, 2001 Note") which was recorded in the land records of Baltimore City, Maryland in Liber 1338, Folio 489, and which was eventually held by Lehman Capital. Attached hereto as **Exhibit B** is a true copy of the April 19, 2001 Note.

11. On November 25, 2002 a deed of appointment of substitute trustee was made for the Property, between Lehman Capital and Howard Bierman, Jacob Geesing and Carrie M. Ward (collectively the "Substitute Trustees"), as a part of the security for the payment of the April 19, 2001 Note (the "Deed of Appointment of Substitute Trustee"). Attached hereto as **Exhibit C** is a true copy of the Deed of Appointment of Substitute Trustee.

12. On November 25, 2002, the Substitute Trustees initiated a foreclosure action, seeking to foreclose on the Property, in the Circuit Court for Baltimore City -- case number: 24-0-02-004642 (the "Foreclosure Action").

13. On December 20, 2002, as a result of the Foreclosure Action, the Property was sold to Lehman Capital (the "December 20, 2002 Sale"). Attached hereto as **Exhibit D** is a true copy of the Report of Sale for the December 20, 2002 Sale.

14. On April 10, 2003, the Circuit Court for Baltimore City issued a final order ratifying the December 20, 2002 Sale (the "April 10, 2003 Order"). Attached hereto as **Exhibit E** is a true copy of the April 10, 2003 Order.

15. On July 12, 2003, Mr. Christ entered into an agreement to short pay (release deed/mortgage) with Household Mortgage Services ("Household Mortgage"), upon information and belief the agent for Lehman Capital, which stated that Household Mortgage would release its deed of trust on the Property "for the

minimum amount of \$155,146.00 due at close of escrow" (the "July 12, 2003 Agreement"). Attached hereto as **Exhibit F** is a true copy of the July 12, 2003 Agreement.

16. On August 18, 2003 American Title Associates, Inc., on behalf of Mr. Christ, sent a letter to Household Mortgage enclosing a check made out to Household Mortgage for \$156,827.93, paying off the April 19, 2001 Note (the "August 18, 2003 Letter"). Attached hereto as **Exhibit G** is a true copy of the August 18, 2003 Letter. On information and belief, Household Mortgage, as agent for Lehman Capital, cashed the check and retained the proceeds in full satisfaction of all obligations due from Mr. Christ to Lehman Capital, as evidenced by a certificate of satisfaction described below.

17. On August 18, 2003 Mr. Christ transferred the Property, via deed, to Plaintiff for the sum of \$165,000.00 (the "August 18, 2003 Deed"). The August 18, 2003 Deed described the location of the Property as follows:

BEGINNING for the same on the south side of Eastern Avenue eighty-three feet west from the southwest corner of Eastern Avenue and Luzerne Street; and running thence west on Eastern Avenue thirteen feet; thence south parallel to Luzerne Street eighty feet, seven and one-half inches to an alley ten feet wide; thence east binding on the north side of said alley with the use thereof in common and parallel to Eastern Avenue thirteen feet; and thence north and parallel to Luzerne Avenue eighty feet, seven and one-half inches to the

place of beginning. The improvements thereon being known as No. 2533 Eastern Avenue.

18. The August 18, 2003 Deed was recorded in the Baltimore City, Maryland land records on August 22, 2003 at Liber 4205, Page 464. Attached hereto as **Exhibit H** is a true copy of the August 18, 2003 Deed.

19. Despite the fact that the April 19, 2001 Note had been paid off by the check enclosed within the August 18, 2003 Letter, on August 27, 2003, the Property was transferred by the Substitute Trustees to Lehman Capital, via substitute trustees' deed (the "August 27, 2003 Substitute Trustee's Deed"), pursuant to the December 20, 2002 Sale and April 10, 2003 Order. The August 27, 2003 Substitute Trustee's Deed was recorded on September 2, 2003, in the Baltimore City, Maryland land records at Liber 247, Page 056. Attached hereto as **Exhibit I** is a true copy of the August 27, 2003 Substitute Trustees' Deed.

20. On February 9, 2004 the certificate of satisfaction, memorializing the payoff of the April 19, 2001 Note was finally recorded in the Baltimore City, Maryland land records at Liber 5044, Page 512 (the "Certificate of Satisfaction"). Attached hereto as **Exhibit J** is a true copy of the Certificate of Satisfaction.

FIRST COUNT  
(Quiet Title)

21. Plaintiff repeats and makes a part hereof as if set forth in full the allegations contained in paragraphs 1 through 20 of the Complaint.

22. The April 19, 2001 Note was paid off by a check enclosed in the August 18, 2003 Letter, and confirmed by the Certificate of Satisfaction.

23. As a result, upon payoff of the April 19, 2001 Note on August 18, 2002, Mr. Christ was the true and sole owner of the property as of that date, and the interest of Lehman Capital in the Property was extinguished.

24. Plaintiff, therefore, became the true owner of the Property when Mr. Christ transferred him the Property via the August 18, 2003 Deed.

25. As a result of the payoff, the April 19, 2001 Note, upon which the Foreclosure Action was based, was no longer in default.

26. As a result, the August 27, 2003 Substitute Trustees' Deed, transferring title of the Property to Lehman Capital, was improper and ineffective.

27. Therefore, Lehman Capital has no rightful interest in the Property.

WHEREFORE, Plaintiff Jonathan Keeney demands judgment in his favor and against Defendant Lehman Capital for:

(a) A declaration and determination that Plaintiff is the rightful holder of title to the Property and that Defendant be declared to have no estate, right, title or interest in said Property;

(b) An order compelling Defendant to execute such legal documents for recording on the land records as are reasonably necessary so that the land records reflect that all right, title, and interest in the Property is with Plaintiff;

(c) A judgment forever enjoining Defendant from claiming any estate, right, title or interest in the subject property;

(d) Reasonable attorneys' fees, filing fees and costs of suit;

(e) Such other and further relief as the court may deem proper.

Dated: June 4, 2010

By:     /s/      
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